

# A Plea to Mr. Charles A. Beard

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M R. BEARD'S new book\* is wholly remarkable, and almost wholly encouraging to those who believe in the principles and programme of THE AMERICAN REVIEW. The book proves that the American Liberal tradition, now that the crisis in thought and politics has come, need not dissolve into impotence and frustration as Liberalism has done over most of the continent of Europe. Mr. Beard, representing American Liberalism, has had the knowledge and the moral strength to define the new issues and thus to come a long way toward discovering how to meet these issues in terms of historic Americanism. It is my hope that a discussion of the points on which our policies still diverge may lead Mr. Beard, and other Liberals who are travelling his road, to a study of the Distributist plan for America.

Mr. Beard believes that America must now seek "the most efficient use of the natural resources and industrial arts of the nation at home in a quest for security and a high standard of living". A large part of his book is given to showing why this search must be carried on "at home" — why, in other words, we can no longer find in foreign trade an outlet for our "surplus" goods and services. Mr. Beard divides his argument into two parts. The first part is easy. It is an

\* THE OPEN DOOR AT HOME: A Trial Philosophy of National Interest by *Charles A. Beard, with the collaboration of G. H. E. Smith.* (MACMILLAN. 331 pp. \$3.00.)

explanation of why a large loan-financed foreign trade will not accord with a system of high tariffs. As Mr. Beard says:

The statement of the issue disposes of it: a continuous expansion of exports cannot be effected under the system of closely restricted imports prevailing in the United States. A temporary stimulus, in the form of lavish foreign loans, may be administered to the export business, but in the long run the balance of payments must operate, unless defaults, scaling, and repudiation intervene. . . . Those who are not convinced by the sequence of events during the years 1920-1934 are certainly beyond reach of knowledge and logic.

Mr. Beard then adds (and this is the second part of his argument, the part that lifts his book at once to high importance) that "the fact that American industry and agriculture failed to secure a continuous expansion of exports between 1920 and 1934 under the régime of export promotion and high tariffs does not lead, as some of our logicians would have us believe, to the demonstration that 'lower trade barriers', or even free trade, would guarantee that continuous expansion of exports." In discussing this point Mr. Beard shows that the classical Free Trade argument gained what little validity it had from the fact that it was thought in terms of a handicraft-world. He also stresses the fact that the brief success of the Free Trade system, as worked by Great Britain, was the result of England's being a jump ahead of the rest of the world in machine technique, and thus did not prove that Free Trade had any natural or permanent advantages.

With respect to contemporary international trade, [says Mr. Beard] the theory of natural differentiation, comparative costs, mutuality of benefit, and equality of footing—which once offered the appearances of a certain “order” or “system”—has been completely invalidated by science and heavy industry. In the world’s several national markets, the commodities of vegetable civilizations have been subordinated to the commodities of mineral civilizations, especially coal and iron civilizations. . . . With their control over heavy industries and huge capital accumulations, they practically dominate the vegetable economies of the world and hold them at their mercy under a régime of free and equal commerce. By pushing their heavy industries against the weaker and less organized vegetable economies of the world, they thrust downward their own agriculture in common with other agricultural economies, destroy the balance of mutuality, and are already well advanced on the road to the point where the disproportion of benefit reacts against them, bringing them to an impasse in their own development.

This is simple truth, and it leads to the conclusion that if the United States should manage, by force of arms, to make and keep a huge foreign market for her “surplus” production, she would merely be starting down the same short steep hill at the foot of which British economy lies dejected. Mr. Beard has described the process to perfection. He admits the possibility that we, with our present power, might make such markets for ourselves, and he then asks:

Is it *desirable* from the point of view of domestic economy and American civilization? It means, if experience is a guide, the increasing predominance of manufacturing over agriculture and the urban way of life over the

rural way of life. It means an ever larger proportion of talents concentrated on the manipulations of business as distinguished from agriculture and an ever increasing proportion of the working people transformed into urban proletarians—"asphalt flowers", as they are known in Europe—toolless, homeless, and propertyless, dependent upon the sale of bare labour power—proletarians trained, if trained at all, in narrow mechanical specialties likely to be destroyed at any time by new inventions. It means also the increasing accumulation of wealth in the hands of the directing classes, with the manners, standards, and artificialities which undermine the very qualities of courage and leadership requisite to the successful operations of those classes.

A favourite argument in favour of Free Trade is to point at the United States, claiming that our great "prosperity" ("a chicken in every garage") is explained by our being the world's largest Free Trade area. To meet this argument, Mr. Beard also points at the United States. Only he does not see us as something too beautiful for words, but as a people whose wasted opportunities make him ill.

The experience of the United States [he says] with freedom of trade over an immense area, differentiated as various nations are by climate, soil, industries, and skills, utterly explodes the contention of the so-called internationalists, dominated by low-trade-barrier predilections, that international efficiencies, comparative costs, mutual exchange through price, and supply and demand will make for equilibrium and higher standards throughout the world. American agriculture was not rising in the scale of living standards even during the years of rapid industrial expansion, 1920-1929; on the contrary, . . . it was utterly subjected to the organization, concentration,

price control, and ruthless leadership of great industries in the United States and was sinking into mortgages, debts, tenantry, and poverty while the profits of industry piled higher and higher. When at length the process of draining agriculture had proceeded far enough, even industrial capitalism was almost paralyzed, partly from lack of buying power among the American farmers supposed to enjoy at home the free-trade benefits of comparative costs, mutual exchange through price, and supply and demand. All over the United States, under the free-trade régime, there have been and now are blighted regions and industries, immense stretches of squalor and ignorance, wretched educational facilities, inadequate medical services, and an almost total dearth of the amenities of civilization.

How then could it be expected that under a system of world free trade the general level of civilization would rise, the more advanced enjoying increasing prosperity as the more backward automatically received the benefits of mutuality in exchange? If knowledge of experience means anything and is employed in place of formulas taken from the rationalization of British manufacturing interests as they stood in 1850, there is absolutely no reason for expecting such an outcome from lowering international barriers. On the contrary, there is good ground for believing that the well-organized and ruthless machine civilizations would use their power of exploiting the weaker and unorganized agricultural and raw material regions to the limit, until the latter were drained and impoverished, and the débâcle of both parties hastened.

An important doctrine of American Distributism can be deduced from this passage. Distributists claim that free trade among the American states has worked badly because the industrial East has played the part,

within our borders, that England has played in world affairs, while the South and West have played the less pleasing part of the exploited "vegetable civilizations". It is for this reason that Distributists urge that the United States needs, not only national autarchy, but a high degree of regional self-sufficiency, of regional production, within the national economy.

It is now clear why Mr. Beard comes to the refreshing conclusion that even if his plan for national autarchy should lead to a lower standard of life (which he does not admit), we had better choose his plan anyway, since there are worse things than a lower standard of life.

If a lower standard of life [he says] must result from failure to find such outlets [for our "surplus" production], then it would be the better part of wisdom to adjust ourselves immediately to that lower standard rather than to delude ourselves longer by false hopes of accomplishing the impossible. Moreover, long time security accompanied by a lower standard of life is preferable to brief periods of fitful "prosperity" followed by disruptions, unemployment, and the degrading conditions of life and labour prevailing after the crash of 1929. . . . And after all has been said for economics pure and simple, the issue of policy can be debated in terms of national ideals—the greatest possibilities of security, peace, and social order. In terms of civilization it is not the richest person who is greatest, but the one who makes the noblest and most effective use of his resources and talents.

Having disposed of the hope of building a good economy for the United States by dumping our "surplus" goods abroad, what positive plan has Mr. Beard

to offer? First, in general terms, he points out that we must learn to think of success in more complicated terms than those of mere salesmanship:

For more than three hundred years [he writes], human energies and practical thought have been concentrated with increasing force on the selling of goods at a profit, as distinguished from the production, exchange, and consumption of useful, pleasurable, and beautiful goods in ways of life and labour conducive to virtue—the kind of virtue that is absolutely indispensable to the maintenance and continuance of a strong, cohesive, and secure society.

It is the phrase, “in ways of life and labour conducive to virtue”, that makes me feel American Distributism has something to say which may interest Mr. Beard. If his whole aim were the production and consumption of the greatest number of goods, I should expect him to end as a Communist or as a Big Business oligarch. But when he adds “in ways of life and labour conducive to virtue”, I feel he is excluding himself from either of those camps. At the present, however, his programme, though looking in our direction, stops a long way short of the minimum which we think necessary.

Mr. Beard says that in order to take care of the surpluses which cannot be dumped abroad we must secure a large increase in the consuming and buying power of the American public. And he appears to agree with the New Deal in thinking this can be done by a fairer distribution of income. He accepts, apparently, the Hobson analysis of the causes of panics and depressions under capitalism. Mr. Beard puts this point as follows:

. . . that the primary element in each periodical panic is an unbalance between plant and productive capacity on the one side and consumer buying-power on the other, that the unbalance is due to the devotion of too much wealth to plant-extension and too little to consumption, and that the disproportionate allocation of wealth to plant extension is owing in the main to the concentration of ownership which places too large a share of the annual wealth produced in the hands of a small number of people who simply cannot spend it on consumption goods but must pour it back into the already over-crowded capital, or plant-extension, market.

Mr. Beard is modest about this view. He merely says that he believes it to be true, and that he believes a redistribution of income, plus national autarchy, will make it possible for us to consume much of our so-called surplus at home, thus securing a higher standard of life for the masses. (His autarchy, of course, does not exclude the exchange of American goods and services in return for foreign goods which we need for our own production or which we have come to desire as luxuries. But such reasonable foreign trade as this does nothing to solve the "surplus" problem. For the goods that come back in exchange will need just as much purchasing power to move them as the goods that went out in the first place. The right kind of foreign trade diversifies our domestic production; but it does not affect in any way the problem of how to consume that production.)

My own view is that if Mr. Beard thinks only in terms of distributing income, and does not consider the distribution of property, he will find that our financial system simply does not distribute enough

purchasing power to let us buy, at home, anything like our full potential production. The problem can probably be met by some form of consumer credits, such as are advocated in the Douglas Plan. But consumer credits, added to the present factory system and the present concentration of real ownership, will lead to a society in which most men live largely on a kind of dole from the state — not a society, as I shall suggest below, of genuinely free men, and not a society in which the "ways of life and labour" are conducive to virtue.

Mr. Beard sums up his programme as follows: "A commonwealth based upon the efficient use of national resources and talents and an efficient distribution of wealth is the only alternative to the continuance of the interest-conflict hitherto dominant, and to the acceptance of the waste, discouragement, social distress, and ruin which, tested by its fruits, flow out of that system of policy." The important question is, What does Mr. Beard mean by "wealth"? Does he mean income, or does he mean real property? He never, I think, answers this question directly; yet it seems fair to assume, from the tenor of the whole book, that what he means is income, that the "efficient" state which he foresees is a state which produces everything the American people need, both in the realm of tangibles and intangibles, and which sees to it that the American people have enough purchasing power to avail themselves of this production. I admit, of course, that such a state would be an improvement on the present muddle. But it would not be a state of free men in the older American sense, or in the sense which makes the greatest natural appeal to

Liberals. It would be a nation of wage-earners and dole-takers; and the man on a wage or a dole has no power of resistance to the whims of his distant employer or his distant bureaucrat.

If American Liberals, such as Mr. Beard and Senator Borah, would think of wealth in terms of real property, and would plan for a wide distribution of such property, they would be planning a state in which real freedom, real equality, real political democracy, would be possible.

Mr. Beard, at least, cannot be wholly unsympathetic to such a programme. He cannot be among those who accuse us, when we urge the distribution of real property, of seeking to return to a brutally and debasingly poor economy. For he has given, in his present book, one of the most glowing accounts I have ever read of the beauties of such an economy under conditions far less favourable than those of today. In seeking to prove that America has ample resources to live richly on her own, Mr. Beard writes:

A single citation taken from the historical records of a single family may be used to illustrate, if not establish, the proposition. This family came to America in colonial times. . . . By 1830 there were many descendants. All of them were farmers and artisans and owned homesteads of fair size. With agriculture they combined the crafts of shop and household. One of the men was a hatter, another was a tanner, a third was a smith and carriage-maker, a fourth was a wood and metal worker who made spinning wheels, looms, barrels, furniture, and utensils, and a fifth was a distiller of brandy. The women of the household were equally versatile and skilled in the domestic arts—spinners, weavers, dyers, and conservers of foodstuffs; they made blankets, coverlets, sheets, rugs

and clothing, using wool, cotton and flax, some of which, after the lapse of a century, are still in use!

Of foodstuffs this community of families produced wheat, rye, oats, and barley, chickens, ducks, geese, turkeys, pork, and beef, honey and sorghum molasses, cherries, peaches, plums, apples, raspberries, blackberries, and strawberries, potatoes, cabbage, peas, lettuce, onions, rhubarb, parsnips, turnips, melons, pumpkins and squashes, pure wines and brandy. Wool, cotton, and linen supplied clothing, carpets, and bedding. Fuel came from the forests. Houses, all good and substantial, were made of brick and wood, the materials for which came from the farms. The only articles which the community required for a high standard of physical life were wrought-iron, glass, and salt, with tea and coffee as luxuries. Furniture, hats, tools and implements were made in the farm shops. The community supported an academy, housed in a building made of brick and wood supplied from forest and field and erected by community labour. . . .

The more intellectually alert among the family were acquainted with the main currents of thought then running through the Western world — religious, political, and scientific. None was rich; none was poor. No member of the community was ever uncertain as to possessing all the food, clothing, and shelter necessary for a comfortable life. All, men and women alike, were artisans, possessed of an artistic skill which found joyful expression. . . .

It is a matter of incontestable historical fact that these families had, largely as a result of their own labour without the boasted advantages of contemporary technology or foreign trade, an abundance and variety of foodstuffs far beyond the budget of the overwhelming majority of American farming and labouring families to-day, and they enjoyed a continuing security in econ-

omy vouchsafed to none of the one-crop farmers and industrial workers in the contemporary order of things, with its enormous technical resources. Furthermore, the material conditions which made possible this type of individual, family, and community life still exist on a huge scale in the United States.

It is fun to remember that Mr. Beard is here describing that woeful "economy of scarcity" from which we are now being rescued. But if life could be as good as this a hundred years ago in the United States, in regions that were largely self-sufficient economic units, I do not see why the Distributist plan is such a silly dream today. Our plan involves encouraging a large degree of regional self-sufficiency, encouraging the small productive unit, so that land and tools and shops and little factories can be owned by the men who work them. But our plan does not involve discouraging the maximum use of modern machinery, so long as that use does not require the inhuman relationships of the present factory system. Our plan does not even exclude the giant factory in a few fields of production — in certain electrification projects, for instance — since we do not seek an absolute uniformity in our economy, but rather a rich variety, in which the *determining* form shall be the small and independent unit. And we submit to Mr. Beard and his fellow Liberals that our plan makes for "the production exchange, and consumption of useful, pleasurable, and beautiful goods in ways of life and labour conducive to virtue".

Our plan calls for three basic assumptions — none of which, it seems to me, are rejected by Mr. Beard. The first assumption is that we must turn our back

on the foreign-trade madness, which is tied up with exploitation and the concentration of ownership. In this Mr. Beard is wholly with us. The second assumption is that we believe in the life on the land as a good-in-itself, and not merely as something to be kept alive, or half-alive, so that we may have enough to eat if we get into war. In this, too, Mr. Beard appears to be with us, if I read correctly the implications of his book. And the third assumption is that in order to create a nation of free men we must think of distribution in terms of property and not merely of income. I do not feel that Mr. Beard can be wholly in opposition, even here, or he would not have painted so charmingly the fruits of a real property-system in a world which lacked many of the advantages that such a system could enjoy today.

One last point: Mr. Beard is clearly averse to the various political tyrannies that are appearing in the modern world. He clearly has the feelings of the true American Liberal about self-government. I suggest to him that self-government is only possible in a state where real property is widely distributed. Long ago James Madison warned us that men without real property, if they possessed the vote, would become "the tools of opulence and ambition". I suggest that this is a good phrase to describe the expropriated voters in a modern American city. We can preserve the expropriation, and the "efficiency" which is said to go with it; but in that case we must get rid of the democracy, as has been done in Russia and in many parts of Europe. Or we can create a real system of private property, and with it a system of self-government that is not a lie.